

PUBLIC DISCLOSURE

October 21, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CAPE COD FIVE CENTS SAVINGS BANK

532 MAIN STREET

HARWICH PORT, MA 02646

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CAPE COD FIVE CENTS SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **October 21, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "OUTSTANDING".

An institution in this group has an outstanding record of ascertaining and helping to meet the credit needs of its entire assessment area, including low and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Lending Test

Taking into account the number and amount of home mortgage loans and small business loans granted within its assessment area, Cape Cod Five Cents Savings Bank has demonstrated an excellent responsiveness to the credit needs of its assessment area. Loans are well distributed throughout the communities in its assessment area, particularly within moderate-income geographies. The bank's lending also demonstrates an excellent distribution of loans among individuals of different income levels and businesses of different sizes. The bank has an established record of serving the credit needs of the economically disadvantaged areas in its assessment area; low and moderate-income individuals; as well as businesses with gross annual revenues of \$1 million or less. The institution has granted a reasonable level of community development loans. In addition, the bank's fair lending performance was found to be strong at this time. Therefore, the institution's lending performance receives an overall rating of outstanding.

Investment Test

Cape Cod Five Cents Savings Bank primarily participates in qualified investments through grants and donations. These investments are directed at low and moderate-income individuals and areas within the bank's assessment area. The bank has sufficiently demonstrated its commitment towards community groups throughout its assessment area in the form of monetary contributions. The bank has made a fair level of qualified investments, and has exhibited adequate responsiveness to credit and community economic development needs. Therefore, the bank's investment performance is considered to be satisfactory.

Service Test

Cape Cod Five Cents Savings Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels throughout its assessment area, including those of low and moderate-income. The bank's trustees, officers and employees have provided a high level of service activities primarily for economic development purposes and affordable housing on Cape Cod and are related to the provision of financial services. Therefore, the bank's service activities receive a rating of outstanding.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **Cape Cod five Cents Savings Bank, Harwich Port, Massachusetts**, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Cape Cod Five Cents Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory			
Satisfactory		X	
Needs to Improve			
Substantial Non-Compliance			

* Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

Description of Institution

Cape Cod Five Cents Savings Bank was incorporated under the laws of the Commonwealth of Massachusetts in 1855 and is a state-chartered mutual savings institution.

The institution maintains 10 offices throughout Cape Cod including the main office located at 532 Main Street in Harwich Port, Massachusetts. In addition, the bank maintains an operations and mortgage center in Orleans and loan origination offices in Sandwich and Falmouth. The bank also maintains High School Branches at Barnstable High School in Hyannis, Dennis-Yarmouth Regional High School in South Yarmouth, and Cape Cod Technical Regional High School in Harwich.

According to the June 30, 2002 FDIC Call Report, Cape Cod Five Cents Savings Bank had \$1,111,890,000 in assets; of which loans represented \$682,071,000 or 61.3 percent of total assets. Approximately, 96.5 percent of the bank's loan portfolio is in real estate loans with 73.3 percent of those loans secured by 1-4 family real estate. The bank maintains approximately 17.6 percent of its loan portfolio in commercial real estate and 2.8 percent in commercial and industrial loans. Refer to the following table for details of the bank's loan portfolio by type.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	\$449,786	65.9
Commercial Real Estate	\$119,887	17.6
Equity Lines of Credit (1-4 family)	\$50,243	7.4
Construction and Land Development	\$38,598	5.7
Commercial and Industrial	\$18,834	2.8
Consumer Loans	\$4,723	0.6
Total Gross Loans	\$682,071	100.0

Source: June 30, 2002 Consolidated Report of Condition.

During 2001, the bank sold 676 residential mortgage loans to Fannie Mae, four loans to Cornerstone Bank, and eight loans to Boston Community Capital totaling \$88,249,115. As of September 30, 2002 the bank sold 862 residential mortgages to Fannie Mae, 75 loans to Freddie Mac, and 1 loan to Mass Housing, totaling \$124,506,108. The bank maintains the servicing of all residential mortgage loans sold.

The bank maintains ATMs at all of its full service offices. The ATMs are linked to the NYCE and CIRRUS networks. Cape Cod Five Cents Savings Bank is also a member of the SUM network of ATMs, a surcharge-free alliance of several financial institutions including over 1,000 ATMs throughout Massachusetts. The bank's customers can avoid ATM surcharges by conducting business at alliance members' ATMs bearing the SUM logo.

Cape Cod Five Cents Savings Bank faces tremendous competition within its assessment area. This competition consists of several local institutions, including Cape Cod Bank & Trust Company, Cape Cod Co-operative Bank, Falmouth Co-operative Bank, Plymouth Savings Bank, and a significant branch network of national banks, such as BankBoston N. A., and a number of regional and national mortgage companies.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2001 aggregate performance data (the most recent data available) indicates that among the 472 lenders in the assessment area, Cape Cod Five Cents Savings Bank was ranked number one with 6.9 percent of the market share in total loans originated or purchased within its assessment area. Cape Cod Bank and Trust Company was number two in total loans originated or purchased with 5.8 percent of the market share.

There are no financial or legal impediments that would limit the bank's ability to meet the credit needs of the assessment area. The Federal Deposit Insurance Corporation (FDIC) last examined the bank for compliance with the Community Reinvestment Act on September 13, 2001. That examination resulted in a CRA rating of Outstanding. The Massachusetts Division of Banks and the FDIC last examined the bank concurrently on June 7, 1999. Both agencies rated the bank Outstanding.

Description of Assessment Area

Cape Cod Five Cents Savings Bank's assessment area consists of the following 15 towns located throughout Barnstable County: Bourne, Sandwich, Falmouth, Mashpee, Barnstable, Yarmouth, Dennis, Harwich, Chatham, Brewster, Orleans, Eastham, Wellfleet, Truro, and Provincetown. All these towns are located within the Barnstable-Yarmouth Metropolitan Statistical Area (MSA), with the exception of Bourne, Falmouth, Wellfleet, Truro, and Provincetown. These five towns are located in a Non-MSA area .

Cape Cod is a section of Southeastern Massachusetts. It is a renowned resort-residential region consisting of 408 square miles of land area and fifteen towns. The region offers over 300 miles of salt-water tidal shoreline on the Atlantic Ocean and Cape Cod Bay, and 365 freshwater lakes and ponds totaling over 10,000 acres. The area generates the majority of its income from the tourist trade with 75 percent of the private sector employed in the retail and service industries.

There are 51 census tracts within the bank's assessment area: 6 (11.8%) are designated as moderate-income, 35 (68.6%) designated as middle-income, 9 (17.6%) designated as

upper-income, and one (2.0%) that is designated as N/A. There are no low-income census tracts throughout the assessment areas. It should also be noted that Wellfleet and Truro share the same census tract. The six moderate-income census tracts are located in Barnstable (2) and one each in Bourne, Dennis Port, Mashpee, and Provincetown. The census tract (0149.99) designated as N/A is located in Falmouth, however the tract actually represents the Coast Guard Station located in Woods Hole, as well as a research vessel that was in port at the time of the 1990 U.S. Census. One of the six moderate-income census tracts (0141.00) is located partially in the towns of Bourne and Sandwich and consists almost entirely of the former Otis Air Force Base. These two census tracts do not represent significant economic activity and are not considered sources of HMDA or CRA reportable loans.

Demographic data obtained from CRA WIZ, based on 1990 census data, indicates that the bank's assessment area contains a total population of 186,605 individuals. There are 135,192 housing units within the assessment area of which 41.5% are owner-occupied and 42.6% are vacant housing units. The high percentage of vacant housing units is attributed to the large seasonal population and the number of second homes maintained in this area. The seasonal nature of the population also contributes to the low owner occupancy rate. In addition, 7.8% of the households in the assessment area are below the poverty level.

The following table provides demographic and economic information pertaining to the bank's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>Households</i>	<i>Housing Units</i>	<i>Owner-Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
<i>Moderate</i>	11.8	7.3	10.2	4.3	15.4	14.1	\$160,043
<i>Middle</i>	68.6	75.0	74.5	76.1	72.4	73.8	\$163,869
<i>Upper</i>	17.6	17.7	15.3	19.6	12.2	12.1	\$206,310
<i>N/A</i>	2.0	-	-	-	-	-	-
<i>Total or Median</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>\$169,947</i>

Source: U.S. Census

According to Banker and Tradesman, the median selling price of a single family house, for the first seven months of 2002 in Barnstable County, ranged from a low of \$191,000 in Hyannis (a section of the Town of Barnstable) to a high of \$470,000 in Provincetown. Overall, the average median sales price of a one-family house for the county was \$301,310, reflecting a 77% growth since 1990. The disparity between the cost of housing and income reflects the nature of the housing stock in the area (rental housing) and the scarcity of affordable housing.

As part of the examination, community contacts are conducted to determine if there are any areas in need of assistance from local institutions, and to verify if the institutions are meeting the credit needs of the community. Two community contacts conducted during the examination provided relevant information on the assessment area. The contacts were conducted in West Yarmouth and Hyannis, a section of the Town of Barnstable. One of the organizations is a community-based group that builds homes and sells each home with a no-interest mortgage to a low-income family who is without adequate shelter. The other is an organization with a volunteer membership seeking to create affordable housing on Cape Cod.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Outstanding." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its HMDA- reportable, small business, and community development loans. HMDA- reportable loans originated during 2001 and year-to-date September 30, 2002 were included in the bank's performance. Small business loans originated during 2001 and year-to-date September 26, 2002 were also included in the bank's performance.

The data used to evaluate the bank's lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/ Loan Application Register) and the bank's CRA Disclosure Statement.

I. Lending Activity

The bank had total assets of \$1.1 billion as of June 30, 2002. Net loans totaled \$670 million or 60.2 percent of total assets. Lending on one-to-four family residential properties represents the largest portion of the bank's loan portfolio followed by commercial real estate loans and home equity lines of credit.

The bank's net loans and leases to assets ratio was 60.3 percent as of June 30, 2002. The peer group's net loans and leases to assets ratio for the same time was 62.1 percent, placing the bank in the 40th percentile. The bank's ratio is higher than peer; however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

HMDA-Reportable Loans

For the period reviewed, Cape Cod Five Cents Savings Bank originated 3,095 HMDA-reportable loans totaling \$516 million. Of these loans, 3,065 representing 99.0 percent of the total loans were originated in the assessment area. By dollar amount, these loans totaled \$508 million or 98.3 percent. It should be noted that of the loans originated within the assessment area, 2,260 or 73.7 percent were for refinances and 26.0 percent were for conventional home purchases.

Barnstable accounted for the largest percentage of originations by number with 13.1 percent, followed by Chatham with 12.7 percent. Chatham accounted for the largest dollar volume of originations with 16.1 percent, followed by Barnstable with 11.8 percent. Refer to the following table for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

<i>Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2001</i>	1,662	99.2	274,836	98.5	14	0.8	4,099	1.5
<i>YTD 2002</i>	1,403	98.9	232,843	98.1	16	1.1	4,590	1.9
<i>Total</i>	<i>3,065</i>	<i>99.0</i>	<i>507,679</i>	<i>98.3</i>	<i>30</i>	<i>1.0</i>	<i>8,689</i>	<i>1.7</i>

Source: HMDA /LAR, CRA Wiz

Small Business Lending

Cape Cod Five Cents Savings Bank is a strong small business lender on Cape Cod. The bank's Small Business Loan Registers (SBLRs) for 2001 and year-to-date September 26, 2002 were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The bank originated 388 small business loans totaling \$53.8 million, during this period. A total of 386 loans for \$53.5 million were originated to businesses within the

bank's assessment area, representing 99.5 percent by number and 99.4 percent by dollar volume.

Refer to the following table for the distribution of small business loans inside and outside the assessment area.

<i>Distribution of Small Business Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2001</i>	218	99.1	30,663	98.9	2	0.9	331	1.1
<i>YTD 2002</i>	168	100.0	22,797	100.0	0	0.0	000	0.0
<i>Total</i>	386	99.5	53,460	99.4	2	0.5	331	0.6

Source: CRA Data Collection

Overall, the bank's level of HMDA-reportable and small business lending reflects an excellent responsiveness to the credit needs of the assessment area based on the size of the bank, its financial condition, and the strong local competition.

II. Geographic Distribution by Census Tract Income Level

HMDA-reportable and small business loans located within the bank's assessment area were further analyzed to determine their location by census tract income level.

HMDA-Reportable Loans

The table below shows the number of HMDA reportable loans in comparison to the number of owner-occupied housing units in each census tract. In addition, the bank's HMDA reportable loans were compared to that of all other HMDA-reporters in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2001. Refer to the following table for details.

<i>Distribution of HMDA Reportable Loans by Income Category of the Census Tract</i>								
<i>Census Tract Income Level</i>	<i>% Total Owner-Occupied Housing Units</i>	<i>Aggregate Lending Data (% of #)</i>	<i>2001</i>		<i>YTD 2002</i>		<i>Total</i>	
			<i>2001</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>
Moderate	4.3	6.7	65	3.9	59	4.2	124	4.1
Middle	76.1	72.6	1,413	85.0	1,185	84.4	2,598	84.7
Upper	19.6	20.7	184	11.1	159	11.4	343	11.2
Total	100.0	100.0	1,662	100.0	1,403	100.0	3,065	100.0

Source: U.S. Census, HMDA LAR, and HMDA Aggregate Data

According to the above table, 4.1 percent of the bank's total loans for the period reviewed were originated within moderate-income census tracts. Lending activity mirrors the percentage of owner-occupied housing units in these tracts.

As demonstrated above, the percentage of the bank's lending in moderate-income census tracts is below that of the aggregate. Cape Cod Five Cents Savings Bank's lending activity in the moderate-income census tracts for 2001 was 3.9 percent. In comparison the aggregate originated 6.7 percent of the loans.

In 2001, the bank ranked 4th in market share for lending in moderate-income census tracts within its assessment area. The bank originated 65 HMDA-reportable loans in these census tracts representing 4.15 percent of the market. The number one lender was Ohio Savings Bank with 137 loans or 8.75 percent.

Small Business Lending

Cape Cod Five Cents Savings Bank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area. The bank has a good level of small business loans throughout its assessment area.

The following table depicts this distribution.

<i>Distribution of Small Business Loans by Income Category of the Census Tract</i>						
<i>Census Tract Income Level</i>	<i>2001</i>		<i>YTD 2002</i>		<i>Total</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Moderate	17	7.8	17	10.1	34	8.8
Middle	192	88.1	129	76.8	321	83.2
Upper	9	4.1	22	13.1	31	8.0
<i>Total</i>	<i>218</i>	<i>100.0</i>	<i>168</i>	<i>100.0</i>	<i>386</i>	<i>100.0</i>

Source: CRA data collection

Based on the above information, the bank's distribution of HMDA-reportable loans and small business loans by census tract income level reflects a reasonable dispersion of loans throughout the assessment area, given the strong level of competition. In addition, the 124 HMDA reportable loans originated in the moderate-income census tracts is excellent given the fact that the bank only has six moderate-income tracts and one of these contains no owner-occupied properties.

III. Borrower Characteristics

HMDA-Reportable Lending

The bank's HMDA loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Barnstable-Yarmouth Metropolitan Statistical Area (MSA) and the Non-MSA area, depending on the location of the property. These income figures are based on estimated Department of Housing and Urban Development (HUD) information. The incomes for the Barnstable-Yarmouth MSA for 2001 and 2002 was \$51,700 and \$56,500, respectively and \$50,500 and \$52,100, respectively for the Non-MSA.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

HMDA-Reportable Loans

The following table shows the number of HMDA-reportable loans granted to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group. In addition, the distribution of the bank's loans among various borrower income levels was compared to that of all other HMDA-reporting lenders in the assessment area. The most recent data available for this analysis is for calendar year 2001. Refer to the following table for details.

<i>Distribution of HMDA Reportable Loans by Borrower Income</i>								
<i>Median Family Income Level</i>	<i>% Total Households</i>	<i>Aggregate Lending Data (% of #)</i>	<i>2001</i>		<i>YTD 2002</i>		<i>Total</i>	
			<i>2001</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>
Low	22.6	2.4	88	5.3	96	6.9	184	6.0
Moderate	16.4	10.3	225	13.5	218	15.5	443	14.5
Middle	19.5	19.3	357	21.5	306	21.8	663	21.6
Upper	41.5	49.7	944	56.8	747	53.2	1,691	55.2
N/A		18.3	48	2.9	36	2.6	84	2.7
Total	100.0	100.0	1,662	100.0	1,403	100.0	3,065	100.0

Source: U.S. Census, HMDA LAR, and HMDA Aggregate Data

The bank extended 184 loans to low-income borrowers representing 6.0 percent of the total loans originated within the assessment area. This is well below the 22.6 percent of low-income households within the assessment area. However, this can be attributed to the fact that approximately 7.8% of these individuals live below the poverty level making it difficult to generate loans to these households. In addition, the high cost associated with purchasing a home in the assessment area and the high number of units considered vacant units (summer homes only) makes homeownership difficult.

The bank originated 443 loans to moderate-income borrowers, representing 14.5 percent of the total originations within the assessment area. This percentage is slightly below the 16.4 percent of moderate-income households within the assessment area.

As shown above, the bank's percentage of loans to low-income borrowers exceeds that of the aggregate in 2001. The bank originated 5.3 percent of its loans to low-income borrowers, compared to the aggregate with 2.4 percent. The bank's level of HMDA-reportable loans to moderate-income borrowers accounted for 13.5 percent as compared to 10.3 percent by the aggregate. The bank's record of serving low and moderate-income borrowers is very good in such a highly competitive environment.

The bank ranked number one in market share in lending to low and moderate-income individuals in the assessment area in 2001. The bank originated 313 loans to low and moderate-income borrowers capturing 9.9 percent of the market. The number two lender to low and moderate-income borrowers was Cape Cod Bank and Trust Company with 8.3 percent.

Small Business Lending

Small business loans originated within the bank's assessment area were analyzed to determine the typical loan amount at origination. Of the 386 small business loans originated in the bank's assessment area, 242 had original loan amounts of \$100,000 or less. Refer to the table below.

<i>Distribution of Small Business Loans by Loan Size</i>						
<i>Loan Size (000s)</i>	<i>2001</i>		<i>YTD 2002</i>		<i>Total</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
\$100 or Less	138	63.3	104	61.9	242	62.7
> \$100 - \$250	42	19.3	36	21.4	78	20.2
> \$250 - \$1,000	38	17.4	28	16.7	66	17.1
Total	218	100.0	168	100.0	386	100.0

Source: CRA Data Collection

Small business loans originated within the bank's assessment area during this period were also analyzed to determine the distribution among businesses of various sizes. The vast majority of small business loans originated (99.7%) were granted to small businesses with annual revenues of \$1 million or less, which shows that the bank is meeting the credit needs of the small and medium sized businesses. The following table depicts the distribution of small business loans within the bank's assessment area by revenues of the business.

<i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i>						
<i>Gross Annual Revenues (000s)</i>	<i>2001</i>		<i>YTD 2002</i>		<i>Total</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i><= \$1,000</i>	217	99.5	168	100.0	385	99.7
<i>> \$1,000</i>	1	0.5	0	0.0	1	0.3
Total	218	100.0	168	100	386	100.0

Source: CRA Data Collection

Based on the information above, the bank's lending to borrowers of different income levels and businesses of various sizes with small business loans reflects an excellent performance.

IV. Community Development Lending

Cape Cod Five Cents Savings Bank's level of community development lending is reasonable based on the limited opportunities for participation within the assessment area.

By definition, a community development loan is a loan that: 1) has as its primary purpose as community development; 2) except in the case of a wholesale or limited purpose bank, has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Cape Cod Five Cents Savings Bank originated \$1,898,444 in community development loans during this review period

- ◆ On June 18, 2001, the bank participated in a loan to a non-profit corporation. The loan was for \$1.8 million and the bank's share was \$256,000 with the proceeds used for construction of 24 new rental units and four units in a building moved onto a site in Falmouth. All units will be affordable with 16 reserved for households below 50% of median income.

- ◆ On February 21, 2001, the bank granted a \$285,000 loan to a non-profit organization. The proceeds of this loan were used to purchase three lots in Harwich to be used to construct affordable rental houses.
- ◆ On July 16, 2001, the bank participated in a loan to a local Housing Authority. The loan was for \$695,000 and the bank's portion was \$175,000. The proceeds of the loan were used to rehabilitate a rooming house in the Village of Hyannis, which will contain twelve affordable rental units.
- ◆ On November 28, 2001, the bank participated in a \$1 million dollar loan to a Cape Cod Community Development Corporation. The bank's share was \$300,000. The proceeds were used to build twelve affordable rental units in Wellfleet.
- ◆ On March 1, 2002, the bank granted a \$130,000 bridge loan to a local council for the homeless. This loan was to provide gap financing for the construction of three single-family affordable rental houses in North Harwich.
- ◆ On August 20, 2002, the bank participated in a loan to a local Housing Corporation. The loan was for \$1.3 million and the bank's share was \$188,500. The proceeds of the loan were used to construct 13 affordable housing apartments in Falmouth.

The bank has provided various loans to a non-profit agency providing a variety of services for persons with special needs, including development delays and psychiatric and emotional disorders. On September 14, 2001, the bank granted a \$500,000 line of credit to fund its working capital and \$21,720 for the purchase of a new van to transport students. On July 20, 2001, the bank granted a \$25,275 loan for the purchase of a new pickup truck. On April 1, 2002 the bank granted a \$16,499 loan for the purchase of a new mini-van, also to transport students. In addition, the bank granted a \$480,000 HMDA reportable loan for the purchase of a new residence to house additional students.

The bank originated 12 HMDA reportable loans totaling \$1,590,000 to a local council for the homeless, Inc. for the purchase of properties to be utilized as affordable houses.

Based upon the opportunities available within the assessment area, Cape Cod Five Cents Savings Bank has made an adequate level of community development loans.

V. Innovative or Flexible Lending Practices

Affordable Housing Program

The bank makes extensive use of innovative and flexible lending practices to service its community. During 2001 and year-to-date 2002, the bank has originated 28 loans totaling \$3,220,014 and 17 loans totaling \$2,233,307, respectively through its affordable housing

program. This program is for first-time homebuyers with a maximum purchase price of \$190,000 and allows up to 35 years for repayment, and utilizes flexible underwriting standards and lower closing costs.

Municipal Mortgage Program

During May 2002, the bank in partnership with Mass. Housing introduced the Municipal Mortgage Program. Under this program, the bank offers 100% financing to qualified borrowers who are full-time municipal employees and wish to purchase a single family home or condominium in the city/town where they work. Terms include lower interest rates, lower attorney's fees, first time homebuyer credit of \$500 and flexible underwriting ratios. As of September 30, 2002, the bank originated two loans totaling \$365,000.

Wheels to Work

This program was established by the Housing Assistance Corporation (HAC) to assist Department of Transitional Assistance (DTA) clients to access educational and economic development opportunities. HAC is the largest, non-profit housing agency on the Cape. This program provides reconditioned cars to individuals transitioning off public assistance and identified by the Regional Transit Authority as under-served by traditional modes of public transportation. The underlying principle of Wheels to Work is to help individuals transitioning off public assistance to obtain decent, low-cost cars allowing them to get to work and become economically self-sufficient. HAC devised Wheels to Work, whereby DTA participants purchase cars donated to HAC. The bank offers \$650 loans to HAC clients to fund the automobile. During 2001, the bank originated 14 loans totaling \$9,100. Year-to-date September 30, 2002 the bank originated 10 loans totaling \$6,500.

Government Guaranteed or Subsidized Loan Program

Guaranteed Rural Housing

The bank partnered with the non-profit arm of the Cape Cod Chamber, Cape and Islands Community Development, Inc. (a Community Development Financial Institution (CDFI) in this USDA Rural Home Loan Partnership program to provide home ownership to the very low-income population of Barnstable. The Partnership's goal is to provide housing assistance to rural Americans through USDA-subsidized interest rates to facilitate the purchase of single-family residences by the low and very low-income based on federal eligibility guidelines. Maximum allowable income to qualify is 80% of median. The bank originated one loan for \$115,900 in 2001. No loans were originated in 2002.

Cape Cod Five Cents Savings Bank participates in the following Small Business Administration (SBA) programs:

The SBA 7(a) program is a unique program that provides start-up costs to new small businesses. Under this loan program, the bank funds the entire loan with a guarantee from the SBA. The maximum guarantee percentage (75 percent to 90 percent) varies depending on the use of the loan proceeds. Under this program the bank financed three loans totaling \$395,000 from January 1, 2001 through September 30, 2002

The SBA 504 program provides for direct financing by the SBA of a portion of small business loans. The general loan structure involves 10 percent participation by the small business, 40 percent participation by a community development corporation, and 50 percent participation by the bank. Cape Cod Five Cents Savings Bank has financed three loans totaling \$682,000 in loans through this program from January 1, 2001 through September 30, 2002.

In addition, the bank established a Community Lending Office to promote and facilitate the origination of smaller, commercial loans. An experienced loan officer was assigned to work fulltime with the branch managers as a mentor, to help the managers procure, prepare, process, and gain approval for smaller community loans. The Community Lending Office, headed by the Director of Community Lending was established for these purposes. During 2001, 73 loans totaling \$2,321,400 were originated through this office. Year-to-date September 30, 2002, 56 loans totaling \$1,301,600 were originated.

VI. Fair Lending Policies and Practices

Cape Cod Five Cents Savings Bank has established a fair lending policy statement. The bank's fair lending policy states that it will aggressively detect and eliminate discrimination in lending. The bank's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

Bank management ascertains the credit needs of the assessment area through their involvement in numerous area organizations and programs. The bank markets its services and products to the community through a variety of media including print, television, and radio. In addition, the bank's mortgage originators are regular guests at MLS Realtor Tours that are hosted in five of the bank's branches. Numerous educational seminars are

also conducted throughout the assessment area in order to make potential customers aware of the services the bank provides.

The bank has a Second Review Committee that is comprised of the bank's President, Treasurer & Executive Vice President, and the CRA Officer. All declined residential mortgage and home equity applications are sent to the Committee for review.

The Mortgage Origination Department conducts a periodic review of its HMDA/LAR data. In addition, one month after quarter end, the Compliance Department requests a copy of the quarterly HMDA/LAR report and conducts its own review.

The bank has its outside compliance firm conduct periodic fair lending and compliance audits and review the bank's compliance.

In addition, a review was conducted for compliance with fair lending laws and regulations and no violations were noted.

Minority Application Flow

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. From January 1, 2001, through September 30, 2002, the bank received 3,289 residential loan applications from within its assessment area. During this period, 105 applications, or 3.2 percent, were received from minorities. Of these, 92 or 87.6 percent were approved. Refer to the following table for further details.

MINORITY APPLICATION FLOW*								
RACE	AGGREGATE DATA 2001		Bank 2001		Bank 2002		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	72	0.2	2	0.1	6	0.4	8	0.2
<i>Asian</i>	112	0.4	6	0.3	1	0.1	7	0.2
<i>Black</i>	168	0.6	5	0.3	10	0.7	15	0.6

<i>Hispanic</i>	191	0.6	6	0.3	2	0.1	8	0.2
<i>Joint Race</i>	248	0.8	30	1.8	27	1.7	57	1.7
<i>Other</i>	216	0.8	6	0.3	4	0.3	10	0.3
Total Minority	1,007	3.4	55	3.1	50	3.3	105	3.2
<i>White</i>	19,723	65.8	1,611	91.1	1,340	88.1	2,951	89.7
<i>NA</i>	9,254	30.8	102	5.8	131	8.6	233	7.1
Total	29,984	100.0	1,768	100.0	1,521	100.0	3,289	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

According to 1990 Census Data, the bank's assessment area contained a total population of 186,605 individuals of whom 4.7 percent are minorities. The minority population is 0.6 percent American Indian, 0.5 percent Asian, 1.5 percent Black, 1.2 percent Hispanic and 0.9 percent other.

Aggregate information indicated that, of the 29,984 HMDA-reportable applications received from other institutions within the assessment area in 2001, 3.4 percent were from minorities: 0.2 percent from American Indians, 0.4 percent from Asians, 0.6 percent from Blacks, 0.6 percent from Hispanics, 0.8 percent were from Joint Race and 0.7 percent from Other individuals. In comparison, Cape Cod Five Cents Savings Bank's minority application flow is proportionate with the aggregate and the assessment area's demographics.

VII. Loss of Affordable Housing

The bank offers innovative and flexible credit services that are designed to make home ownership possible for existing low and moderate-income residents to remain in their neighborhoods.

Cape Cod Five Cents Savings Bank's participation in community development projects and government lending programs, along with its development of credit products with flexible lending criteria has assisted low and moderate-income individuals to remain in their neighborhoods. Cape Cod Five Cents Savings Bank offers its own First Time Home Buyers program with flexible underwriting standards and reduced closing costs.

CONCLUSION (Lending Test)

Taking into account the number and amount of home mortgage and small business loans originated in its assessment area, Cape Cod Five Cents Savings Bank has demonstrated excellent responsiveness to the assessment area's credit needs. The bank's lending demonstrates an excellent distribution of loans among individuals of different income levels and businesses of different sizes. The bank has an established record of serving the credit

needs of economically disadvantaged areas in its assessment area, low and moderate-income individuals, and businesses with gross annual revenues of \$1 million or less. Based upon the opportunities available within the assessment area the bank has made an adequate level of community development loans. In addition, the bank's fair lending performance was found to be strong at this time. Based upon these findings, the institution's lending performance receives an overall outstanding rating.

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination. The following describes the institution's qualified investments.

The bank's investment portfolio, as of June 30, 2002, totaled \$317.9 million and comprised 28.6 percent of total assets. The investments consist primarily of U.S. government-sponsored securities, mortgage-backed securities and other marketable securities, none of which are considered qualified community development investments. However, in response to the credit needs within its assessment area, the bank supports various organizations through charitable contributions.

Charitable Contributions

The bank has made an adequate level of qualified investments, via contributions and grants, within the assessment area. The bank established the Cape Cod Five Cents Savings Bank Charitable Foundation, Inc. in 1998 as a means of serving the needs of the Cape Cod community. From January 1, 2001 through September 30, 2002, the bank granted \$384,126 in contributions. Of this amount, approximately \$170,378 or 44.3% was considered to be qualified investments. The following are examples of the bank's qualified investments that benefit the bank's assessment area.

The Independence House: This organization is the only Cape wide resource center for battered women, sexual assault survivors, and their children.

Lower Cape Outreach Council: Assists families with rental payments to help prevent homelessness.

Harwich Ecumenical Council for the Homeless: This organization provides rental housing for low and moderate-income families on Cape Cod.

In addition, the bank has financially supported local schools throughout the cape assisting low and moderate-income students with tuition and equipment.

During the Examination, the bank donated used office furniture to various non-profit organizations on the Cape. These organizations include the Housing Assistance

Corporation, the Mid and Upper Cape Health Clinic, Community Action Committee, Champ House, Family Continuity Planning and Consumer Assistance Council. The bank estimates the value of the furniture to be \$51,196.

CONCLUSION (Investment Test)

The grants and donations above are directed at low and moderate-income individuals and moderate-income areas. The bank has demonstrated an adequate level of qualified investments, and has exhibited good responsiveness to credit and community economic development needs. The bank's limited investment opportunities within the assessment area were compensating factors that were taken into consideration in rating this section. Based upon this review, Cape Cod Five Cents Savings Bank's investment performance is at a satisfactory level.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of residents within its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. As depicted below, Cape Cod Five Cents Savings Bank has illustrated an excellent level of services within its assessment area, including the delivery of retail services and community development service activities.

The bank's systems for delivering retail-banking services are accessible to geographies and individuals of all income levels throughout its assessment area. The bank's retail services, including business hours, are tailored to the convenience and needs of its assessment area.

Additionally, Cape Cod Five Cents Savings Bank's officers and employees at all levels have taken active roles in providing community development services to groups and individuals throughout the assessment area. The following describes the institution's retail and community development services.

RETAIL BANKING SERVICES

Distribution of Branches

Cape Cod Five Cents Savings Bank, a Massachusetts chartered mutual institution, is headquartered in Harwich Port at 532 Main Street (Route 28), which is designated as a middle-income census tract. In addition to its main office, Cape Cod Five Cents Savings Bank operates nine full-service branch offices located throughout its assessment area, an operations center located in Orleans, and two Mortgage Origination Offices with one in Falmouth and one in Sandwich. The bank's Hyannis branch is located within a moderate-income census tract.

Cape Cod Five Cents Savings Bank also sponsors and operates three student run school banks with one each at Dennis-Yarmouth Regional High School, Barnstable High School, and the Cape Cod Technical Regional High in Harwich. These educational facilities are opened to the public during the school year.

Services and hours of operation are competitive and afford accessibility to all segments of the bank's assessment area. Office hours for the bank's ten full service offices vary, but each office has extended hours during the week and all offices are opened on Saturday. Most offices are opened until 4:30 Saturday evening.

Record of Opening and Closing Branches

Cape Cod Five Cents Savings Bank maintains a Branch Closing and Reduction in Service Policy that is reviewed and approved on an annual basis by the Board. No banking offices have been opened or closed since the previous examination.

Alternative Retail Banking Services

All but two of the full service office locations offer the convenience of drive-up window service. The offices that do not offer drive-up service are the main office in Harwich Port and the Wellfleet branch office.

Automated Teller Machines (ATMs) that are linked to the CIRRUS and NYCE networks are also available 24 hours a day at each full service office location. The bank is a member of the SUM network, which is a surcharge-free alliance of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The bank's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo. In addition, the bank maintains a cash dispensing only ATM at the Cape Cod Regional Technical High School in Harwich.

Cape Cod Five Cents Savings Bank offers a Check Card ATM Card. The Check Card ATM Card performs all of the same functions as an ATM card plus the added buying power of a Visa. When the debit card is used to make purchases at any merchant displaying the Visa symbol, the amount of the purchase is directly withdrawn from the customer's checking account.

The bank offers customers 24-hour account access through its automated telephone banking system. By utilizing this toll-free system, customers can access their accounts, obtain balance inquiries, transfer funds from one account to another, obtain current interest rate information, determine loan payment information on a current loan or mortgage account, and reorder checks.

Customers and potential customers can obtain general bank information such as hour, branch location, products and services, etc., through the bank's web site at www.capecodfive.com.

Other Retail Services

With the direct deposit of a payroll, Social Security, retirement or dividend check to a checking, and savings or money market account, the bank waives all monthly maintenance

fees. The bank provides no service fee checking for direct deposit for the Office of Transitional Assistance. The bank offers a low-end fee, personal checking package, which is conducive for people of low and moderate-incomes.

Cape Cod Five Cents Savings Bank maintains Interest on Lawyers' Trust Accounts (IOLTA). Attorneys and law firms maintain these accounts for the short term holding of clients' funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals. This program benefits over 100,000 low-income individuals a year in the areas of consumer, family, education, disability, and elder services. The bank has paid interest to Massachusetts Interest on Lawyers' Trust Accounts (IOLTA) in 2001 and year-to-date October 31, 2002.

The Cape Cod Five Cents Savings Bank helped Housing Assistance Corporation (HAC) pioneer Individual Deposit Accounts on the Cape. HAC received a grant to enroll up to 20 participants who had been clients of the Department of Transitional Assistance. For every dollar the client deposits into a saving account, HAC will double. The client must save for one of three goals; a down payment for an affordable home, tuition for advanced schooling, or starting a business. There is also an Economic Literacy component attached to this three-year program. Participants must attend 12 classes that cover credit, applications, qualifications, and other real world lessons. The bank's Hyannis Branch Manager was part of the program from the beginning. This manager participates in seminars, opens each account, attends the graduations and acts as mentor for these clients.

Brazilian Population

Barnstable is the Cape's largest town with a population of approximately 48,000. It is estimated that there are over 10,000 Brazilians now living and working in the town, most of them in the village of Hyannis. The bank's Mortgage Director has simplified the mortgage process and found a way to make mortgages to many of these residents, effectively dealing with their immigration status, which can make residential lending difficult. The bank also developed brochures printed in Portuguese that contain loan information. To accommodate the rapidly growing Brazilian population, the bank has added Portuguese language to its entire full service branch ATMs.

COMMUNITY DEVELOPMENT SERVICES

Cape Cod Five Cents Savings Bank provides an exceptional level of community development services to its community. The institution's officers and employees are involved with community organizations that address economic development and affordable housing throughout the bank's assessment area. Through their involvement, the bank's staff lends their technical expertise, experience and judgement to these organizations. Following are examples of organizations that have been assisted by officers, and employees of Cape Cod Five Cents Savings Bank.

The following is a sample of the numerous organizations in which the Vice President/Community Relations Officer is actively involved: The bank's Vice President/CRO was the first recipient of the newly created, **Henry C. Farnham Unsung Hero Award**, in recognition for his significant contribution to the community. He was presented with this award at the Hyannis Area Chamber of Commerce Dinner. In addition, the CRO is: Clerk of the **Cape Cod Center for the Environmental and a Sustainable Economy**, Vice Chair of the **Cape Cod Economic Development Council**, Clerk of **Homeowners Options for Massachusetts Elders (H.O.M.E.)**, President of **Independence House**, Vice President of the **Massachusetts School Bank Association (MSBA)**, President of the **Lower Cape Cod Community Development Corporation**, and a Board member and on the Personnel Committee of **Habitat for Humanity of Cape Cod**. This person is also an active member of the **Orleans Joint Committee on Affordable Housing**, **Interfaith Council for the Homeless**, **Lower Cape Business/Non-Profit Partnership**, and on the Child Care Task Force of the **Cape Cod Chamber of Commerce**.

The **MSBA** is a cooperative effort of schools and financial institutions dedicated to the welfare of students, the advancement of education and improvements of instructional opportunities for all.

Independence House – This is the only source of counseling and assistance for domestic violence and sexual assault survivors on the Cape.

Housing Assistance Corporation (HAC) – A regional nonprofit that provides emergency shelter for families and individuals experiencing homelessness and is also the creator and administrator of various first-time homebuyer, rental assistance, rehabilitation and prevention programs. The agency's mission is to promote and implement the right of all people on Cape Cod and the islands to occupy safe and affordable housing. The bank's Commercial Loan Officer is a member of the Resource Development Committee; the Hyannis Branch Manager is a Vice President and member of the Board of Directors of this organization. In addition, several loan officers and the bank's Director of Credit Services volunteer for credit counseling workshops.

Habitat for Humanity of Cape Cod - A not for profit organization that assists families in attaining home ownership through self-help and outside donations of cash, materials and labor. Home construction is accomplished primarily through volunteer laborers who build houses that are then sold to selected low-income families. The Assistant Manager of the Mashpee Branch served on the 2001 selection committee for three homes that were built in Mashpee. The Director of Consumer Lending also volunteered for the application screening and credit assistance.

Lower Cape Cod Community Development Corporation – This organization provides affordable housing and economic development for the lower income population of the eight

lower Cape towns. The bank's Director of Credit Services serves as the Treasurer of this organization.

Cape & Islands Community Development, Inc. – Is a nonprofit organization created by the Cape Cod Chamber of Commerce, and serves as the Cape's only designated Community Development Financial Institution. The bank's Vice President and Commercial Loan Officer is on the loan review committee of this organization. The bank is also the only Cape bank to commit mortgage funds to a partnership with the Cape & Islands USDA Rural Home Loan Partnerships, providing mortgages to very low-income residents.

Harwich Ecumenical Council for the Homeless – This organization was formed by clergy and lay people from seven Harwich churches for the purpose of providing housing for the homeless families with children. Cape Cod Five Cents Savings Bank has been a large lender to HECH for the purpose of providing affordable housing, mostly rentals, to low-income people. The Regional Branch Manager serves as the Treasurer of this organization and the bank's Credit Administration Officer serves as the Executive Director. Annually, HECH's President travels through Cape Cod in a "Housing With Love Walk" to raise funds for homeless prevention. Cape Cod Five Cents Savings Bank not only donates money, but several bank employees have participated in the walk.

Chatham's Affordable Housing Committee – A Mortgage Originator serves on this committee and is also the Town's representative to the County HOME Consortium, which is responsible for directing \$700,000 annually to various affordable housing projects.

Educational Services and Seminars

Cape Cod Five Cents Savings Bank has conducted and participated in seminars designed to educate consumers about banking and products available to meet their specific needs. These events provide opportunities for bank representatives to inform those in attendance about the products and services that are offered by the bank and to gain information about credit needs in the community. The bank's involvement since the previous examination is detailed below.

The bank is one of the sponsors of the Housing Assistance Corporation's Cape Home Ownership Center (CHOC). CHOC produced eight pre- and post homeownership

sessions around the Cape to qualify hundreds of people for First Time Home Buyer programs. Two of the mortgage originators routinely participate as instructors in these annual sessions.

In January of 2002, the bank's Commercial Loan Officer attended a meeting of the Chatham Affordable Housing Committee, to discuss how the bank might finance a large, affordable housing project in Chatham, a town where less than three percent of its housing stock qualifies as affordable.

In the spring of 2002, the bank sponsored a Small Business Planning Seminar with South Eastern Economic Development Corporation (SEED). This two-part seminar was held at the bank's Yarmouth office.

In the fall of 2002, the bank sponsored a seminar on how to identify elder abuse, at the Provincetown Council of Aging. The seminar was conducted by the Assistant Director of Homeowners Option for Massachusetts Elders (H.O.M.E.), and one of the bank's mortgage originators was available to answer questions.

One of the bank's loan officers participated in three First Time Home Buyers Seminars sponsored by the Falmouth Continuing Education Committee. These seminars were held on October 9, 16 and 23, of 2002. The seminars gave an overview of the entire home buying process and the various types of mortgages.

CONCLUSION (Service Test)

Overall, the bank's area of strength under the Service Test rests upon its strong performance in providing community development services. Bank personnel's involvement and dedication to numerous economic development and affordable housing organizations is evident of Cape Cod Five Cents Savings Bank's commitment to its assessment area. The bank also maintains an established branch presence throughout its assessment area and delivery systems are accessible to essentially all portions of the assessment area. Cape Cod Five Cents Savings Bank's performance under the Service Test is considered to be "Outstanding."

APPENDIX A

SCOPE OF EXAMINATION

Cape Cod Five Cents Savings Bank's defined assessment area includes the following 15 towns located throughout Barnstable County: Bourne, Sandwich, Falmouth, Mashpee, Barnstable, Yarmouth, Dennis, Harwich, Chatham, Brewster, Orleans, Eastham, Wellfleet, Truro, and Provincetown. These towns are all located within the Barnstable MSA, with the exception of Bourne, Falmouth, Wellfleet, Truro, and Provincetown. These five towns are not located within any MSA. The institution's CRA performance was reviewed using the new large bank examination procedures. The time period covered in this examination was January 1, 2001, through September 30, 2002, using available data.

All HMDA-reportable loans recorded on the 2001 and year to date September 30, 2002 Loan Application Registers were included in the evaluation of the bank's lending performance. In addition, all loans recorded on the 2001 and year to date September 26, 2002 Small Business Loan Register (as defined under the new data collection requirements of the revised CRA regulation) were included in the evaluation of the bank's lending performance.

A review of the bank's qualified investments indicated that the bank participates primarily in qualified investments through grants and donations directed at low and moderate-income individuals and moderate-income areas.

In addition, consideration was given to the bank's systems for delivering retail banking services and the provision of service activities primarily for community development purposes and related to the provision of financial services.

This examination also included a review of the bank's Public File, which contained no negative CRA-related comments.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

CAPE COD FIVE CENTS SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 21, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.